VICTORIA FOUNDATION

CONNECTING PEOPLE WHO CARE WITH CAUSES THAT MATTER®

INVESTMENT POLICY STATEMENT FOR THE COMMON TRUST FUND

PURPOSE

The purpose of the investment policy statement ("Investment Policy") is to provide a framework for the management of the Common Trust Fund ("the Fund") within levels of risk acceptable to the Victoria Foundation Board of Directors ("the Board"). The Investment Policy provides a set of guidelines for management of the Fund's assets and assigns responsibilities for the achievement of the defined objectives.

The level of risk to which the Fund is exposed will be controlled by diversifying the Fund's holdings amongst asset classes, industry sectors, geographic regions and investment managers with non-correlated management styles.

This Investment Policy does not apply to the investment of funds subject to written separate agreements with certain fund holders setting out alternative investment requirements and arrangements.

OBJECTIVES

The portfolio is to be managed considering the following objectives:

a. protecting the real (i.e. net of inflation) value of endowments over the long term;
b. providing relatively stable and predictable distributions to beneficiaries;
c. maximizing long-term investment returns subject to maintaining a measure of protection against short- and medium-term volatility; and,
d. providing stable and predictable funding for the Foundation's operations.

The investment return objective is to achieve a long-term rate of return that considers the Foundation's need to maintain a reasonable balance between the inflation-adjusted value of property donated to the Foundation and the amounts to be used for operations or distributed.

RESPONSIBILITIES AND STANDARD OF CARE

The Board and its Investment Committee will rely upon the Director of Investments and independent experts for certain aspects of the Fund's operations where expert knowledge is required. Reliance on experts is conditional on the suitability of the expert at the point of appointment as well as their ongoing suitability.

The standard of care applied to the governance of the Fund shall be the care, diligence and skill that a prudent person would exercise in dealing with the property of another person. This prudent person criterion will be applied to the Fund to avoid undue risk of loss and to obtain a reasonable return.

Investment Managers

To manage the portfolio the Board can appoint discretionary balanced fund investment managers and/or specialty managers for each investment category to invest the assets of the Fund in accordance with this policy.

Performance of each of the investment managers will be considered in the context of the performance of a benchmark portfolio plus an appropriate additional amount to reflect their fees.

Each investment manager will provide a quarterly written report and meet with the Investment Committee periodically. If issues arise, the Investment Committee may request additional information or meetings with any of the investment managers. The report could include:

i. a review of portfolio performance since the last report, as compared to a benchmark and provide an explanation of significant deviations from the intended strategy for the preceding quarter;

ii. an overview of the investment outlook including the intended strategy for the following quarter;

iii. a report indicating compliance with these investment guidelines and, in the event of any circumstance of non-compliance, an explanation of the reasons for such non-compliance.

Custodian

The custodian will:

i. maintain safe custody over the assets of the Fund,

ii. execute the instructions of the Board as delegated to any investment manager appointed to manage the assets of the Fund, and

iii. record transactions and provide monthly financial statements as required.

Auditor

An independent auditor will audit the financial statements of the Victoria Foundation which include the assets of the Fund.

ASSET ALLOCATION

The market value of each asset class, for each fund manager may fluctuate within the following limits:

Asset Class	Minimum %	Maximum %	Target %	Benchmark
Cash and Equivalents	**0**	**20**	**2.5**	FTSE Canada 91-Day T-Bill Index
Canadian Bonds	0	25	12.5	FTSE Canada Universe Bond Index
Global Bonds	0	20	10	Bloomberg Multiverse Hedged Index
Canadian Mortgages	0	10	5	60/40 FTSE Canada Short Term/Mid Term Overall Bond Index + 0.5% per annum
Total Fixed Income	**20**	**35**	**27.5**	
Canadian Equities	5	30	15	S&P/TSX Capped Composite Index
U.S. Equities	5	30	15	S&P 500 Index CAD
International Equities	5	30	15	MSCI EAFE Index CAD
Total Equities	**30**	**60**	**45**	
Private Infrastructure	0	20	12.5	CPI + 3% Index
Hedge Funds	0	10	5	CBOE VIX Tail Hedge Index
Private Real Estate	0	10	5	HUB Real Estate Index
Private Debt	0	5	2.5	TBD
Private Equity	0	5	0	TBD
Total Alternative Investments	**0**	**30**	**25**	

DIVERSIFICATION

The risk of price fluctuations within asset classes, and the uncertainty of future economic and investment scenarios, dictate that prudent diversification be undertaken. Within each asset class, the investment managers will ensure that a prudent level of diversification is maintained subject to the following limits based on market value. If these limits impose a constraint which an investment manager considers contrary to the best interests of the Fund, the investment manager shall seek the advice of the Board in addressing the situation.

1. In respect of cash and its equivalents, investments will be limited to:
   a. Instruments issued by or guaranteed by the Government of Canada or the Provinces.
   b. Commercial Paper rated R1 or better by the Dominion Bond Rating Service.
   c. Debt instruments of the six major domestic banks and their guarantees; trust companies, credit unions or domestic banks with a rating of AA or better; or any deposit insured by the CDIC or CUDIC.

2. In respect of other debt instruments, investments will be limited to:
   a. Investments in debt of the following issuers are acceptable:
      i. Foreign governments or foreign corporations with a rating of BBB or better;
      ii. Government of Canada and its guarantees;
      iii. Provinces and guarantees whose ratings are BBB or better;
      iv. Corporations with a rating of BBB or better by one of the major credit rating agencies (namely, the Dominion Bond Rating Service, Standard & Poor's or Moody's);
      v. Asset-backed securities including collateralized commercial mortgages (CMBS) provided the ratings of the issues acquired are a minimum A or equivalent and the CMBS content by the investment manager in other debt instruments does not exceed 25% nor other asset-backed securities exceed 15%.
      vi. If the rating is BBB or better, bonds of a Canadian issuer payable in a foreign currency, U.S. Government and U.S. corporate bonds;
   b. Debt rated below BBB is not permitted except in the case of a high yield pooled bond fund (or within the high yield allocation of a more broadly diversified bond fund) of an investment manager which has been approved for investment by the Board;
   c. Investments in instruments with a rating below BBB will not exceed 20% of debt holdings and other debt holdings will have a dollar-weighted investment rating of A or higher;
   d. Not more than 10% (5% if the rating is BBB) shall be invested in the debt of a single issuer other than the debt issues of, or fully guaranteed by, the government of Canada or a Province.
   e. Should the rating of a debt instrument be downgraded to a level below being eligible for purchase, the investment manager shall immediately advise the Board of its intentions which will generally be to dispose of the security as soon as prudently advisable.
   f. Mortgages managed by the mortgage fund manager will be in accordance with that manager's pooled fund guidelines which have been reviewed and approved by the Board. These guidelines will reflect prudent diversification by factors including property type, geographic location within Canada, quality of the borrower, type of loan, a loan-to-value ratio not exceeding 85% and other prudent risk management limits.

3. In respect of public equity investments, investments will be limited to:
   a. Not more than 10% of the Canadian equity allocation shall be invested in the common share or other equity issues of any one Canadian corporation;
   b. Not more than 10% of the non-domestic equity allocation shall be invested in the common stock or other equity issues of any one U.S. or overseas corporation;
   c. Non-domestic equity holdings will be broadly diversified by industry sectors, countries/regions and currencies;
   d. No equity investment will be made in any corporation with limited marketability or a market value capitalization of less than $100 million unless it is held in a diversified small capitalization pooled fund approved by the Board and monitored by the Investment Committee or is a holding which was acquired in

a segregated equity portfolio and subsequent to purchase has fallen in capitalization below $100 million. Such a holding will be subject to explanation in the quarterly report of the manager as to why it should continue to be held in the portfolio.

4. In respect of alternative investments:
   a. Such investments include non-traditional asset classes and traditional asset classes structured in a non-traditional manner and overseen by investment managers. Managers are expected to use their specific investments skills to generate long-term returns that are not highly correlated to traditional asset classes. Alternative assets may provide added risk-adjusted returns net of costs and include asset classes such as real estate, precious metals, private equity/debt, liquid absolute return strategies and strategies involving long-only options and infrastructure. Investments in any single category will not exceed 20% of the portfolio.
   b. Infrastructure investments will be limited to pooled funds of Canadian and non-Canadian direct infrastructure investments and companies that maintain infrastructure assets.

5. In respect of fund or LP investments, investments will be limited to:
   a. Not more than 10% of the committed capital of any pooled private fund, hedge fund, or limited partnership,
   b. Not more than 10% of the net asset value for open-ended funds.
   c. Any exceptions to total value exceeding 10% of a fund or LP investment must be approved by the Board.

LOANS AND DERIVATIVES

The Fund shall not engage in the purchase of securities on margin.

1. Investment managers may use derivative securities to defensively hedge currency exposures, but no leverage is permitted.
2. Investment in other derivative instruments may be used for hedging purposes to facilitate the management of risk or to facilitate an economical substitution to a direct investment, but under no circumstances will derivatives be used for speculative purposes or to create leveraging of the portfolio.
3. The custodian shall not loan Fund assets (i.e. engage in securities lending). Should a managers' pooled fund product engage in securities lending, the manager(s) will make the Board aware of this practice at time of purchase and update annually as applicable to this policy.

REBALANCING

If at the end of the calendar year, the assets held by any investment manager are greater than the allocation specified plus 4%, or less than the allocation minus 4%, then Investment Committee will consider and decide whether rebalancing is required. If rebalancing is approved, allocations shall be rebalanced by cash transfers between managers. Neither rebalancing for market fluctuations nor allocation of new cash flow will be used as a method to reward or express dissatisfaction with investment manager performance. Investment manager performance is a long-term measure and will be dealt with during manager performance reviews.

The Director of Investments will be responsible for monitoring the potential need for rebalancing on a quarterly basis and will implement any necessary changes to maintain the approved target asset allocation set by the Investment Committee.

REASONS FOR TERMINATING AN INVESTMENT MANAGER

The Investment Committee will do a review every 5 years as to the performance of each investment manager relative to other related investment managers and their benchmark. The review will include an assessment of each investment manager's organizational structure and investment style. Such a review may be advanced by the Investment Committee if it is deemed appropriate.

Reasons for considering the termination of the services of an investment manager include, but are not limited to, the following factors:

i. performance results, which over a reasonable period of time (generally being a five-year rolling average period), are below the stated performance benchmarks;
ii. changes in the overall structure of the Fund such that the manager's services are no longer required;
iii. changes in personnel, firm structure or investment philosophy, style or approach which might adversely affect the potential return and/or risk level of the portfolio;
iv. performance comparisons to other managers as appropriate; and/or
v. failure to adhere to this policy without communication and consent from the Board.

DIRECTED BROKERAGE COMMISSIONS

A variety of brokers should be used in order to gain maximum utilization of the services available. It is the responsibility of the investment managers to ensure that the commission distribution is representative of the services rendered.

The Foundation does not use directed commissions (i.e. soft dollars) to pay for any goods or services. Managers may use soft dollars to pay for research and other investment-related services provided there is an annual disclosure to the Board and provided they comply with the Soft Dollar Standards promulgated by the CFA Institute or internal guidelines, if substantially equivalent.

SUSTAINABLE INVESTING

The Victoria Foundation recognizes the importance of following appropriate environmental, ethical and social practices to achieve a sustainable and improving standard of living. As an investor, it also supports good governance in the management of the entities in which it invests. Consistent with these objectives, the Investment Committee will discuss annually with each of its investment managers whether there are portfolio holdings which are inconsistent with appropriate sustainable practices and good governance, what voting and other steps can be taken to change such practices and in more serious situations, to explain why such investments continue to be held in the portfolio.

VOTING RIGHTS

The responsibility for exercising and directing voting rights acquired through the Fund's investments shall normally be delegated to the investment managers, who shall at all times act prudently and in the best interests of the Fund and its beneficiaries. The custodian is responsible for executing the proxies in accordance with instructions from the investment managers. The investment managers shall provide a copy of their voting rights policy to the Board. To this extent, the Foundation will engage with third-party providers to conduct a periodic proxy audit of our investment managers to ensure that our votes are exercised in an effective and responsible manner.

POLICY REVIEW

This Investment Policy supersedes any existing investment policy statement and will be reviewed at least annually by the Investment Committee to ensure it continues to reflect the Foundation's requirements in the context of its endowment objectives. Revisions are to be approved by the Board of Directors.

Investment Policy Statement for the Common Trust Fund	
Board Approval:	May 2009
Reviewed and Revised:	November 30, 2009
Reviewed and Revised:	February 26, 2010
Reviewed and Approved:	May 27, 2011
Reviewed and Revised:	October 26, 2012
Reviewed and Revised:	May 31, 2013
Reviewed and Revised:	June 6, 2014

Reviewed and Approved:	September 30, 2016
Reviewed and Revised:	November 24, 2017
Reviewed and Revised:	September 28, 2018
Reviewed and Revised:	November 6, 2020
Reviewed and Revised:	August 26, 2021
Reviewed and Revised:	February 2, 2023
Reviewed and Revised:	July 24, 2023
Reviewed and Revised:	July 20, 2024
Reviewed and Revised:	December 11, 2025

INVESTMENT BELIEFS – VICTORIA FOUNDATION

The Victoria Foundation and its endowment exist to fund good causes for the **long term**, working with local donors and organizations to uplift the quality of life in our communities. For an endowment, the time horizon is an inter-generational one, as we support donors and non-profit organizations in establishing **permanent legacies** to the local community and the other good causes that inspire their philanthropy.

To secure these legacies, the Foundation's focus when investing the funds held in its trust is the preservation of capital and its spending power, while disbursing grants at a sustainable rate and **protecting against downside** risk.

More specifically, the Foundation targets an investment return of CPI + 5% measured on a five-year rolling basis and achieves its objectives through adherence to a set of investment beliefs that will be reviewed by the Investment Committee every three years, or more frequently if required:

- **Diversification reduces risk.** By thoughtfully constructing a portfolio spread across asset classes, investment styles, geographies and other key sources of risk, we reduce the impact of any one investment on the endowment overall. Moreover, we will seek to use our relative scale to access diverse investment channels in constructing a diversified portfolio that individual investors might not otherwise be able to efficiently build on their own. These may include alternative investments such as real estate, private equity, infrastructure and hedge funds that allow us to trade some of the fund's liquidity for diversification and/or enhanced returns.
- **Active management can reduce portfolio risk** and potentially outperform the market through security selection and sector allocation strategies. In more efficient markets, and subject to an evaluation of the risks associated with the characteristics of the index being replicated, passive management is a reasonable option to gain low-cost broad market exposure. Such strategies are appropriate to use in times of transition or for longer time periods when an acceptable active manager in a specific asset class cannot be found. The performance of our existing investment managers will be measured after management fees over rolling 5-year time periods and compared to the appropriate benchmark
- **Investing responsibly is investing well**. The Foundation believes that achieving strong, sustainable investment returns and investing responsibly are not mutually exclusive. In fact, taking into account environmental, social and governance (ESG) matters is foundational to achieving long-term value. To further align our investment objectives with our granting initiatives, we exclude investments associated with (or are directly involved in) activities in the following sectors: tobacco, alcohol, weaponry, predatory lending and gambling.
- **Our investments will be a catalyst for impact.** With specific approval of the Foundation's Board, assets in the Fund may be invested in specific projects or other investment vehicles which are deemed to have a positive impact on community well being (defined by the

U.N.'s list of Sustainable Development Goals). In making such decisions, the Board understands that in certain circumstances, financial returns may not be equal to returns from other investments overseen by the Investment Committee

Good governance sustains results. The Foundation has an active Investment Committee to govern the oversight of investments, with a mandate that includes formulating strategic asset mix, continually re-assessing performance of investment managers, and evaluating new opportunities. For the investment managers contracted by the fund, we pay particular attention to their governance structures and their ultimate alignment of interest with our investment objectives. We believe that active ownership of investments requires facilitation of shareholder dialogues with companies on key ESG issues. To this extent, the Foundation will engage with third-party providers to conduct an annual proxy audit of our investment managers to ensure that our votes are exercised in an effective and responsible manner.

- **Markets can be volatile, but the needs of our community are not**. In 'bull' markets, where investment returns are outstanding, we will save and re-invest excess returns in order to enhance distributions when markets turn 'bearish' and investment returns are sub-par. The good causes supported by endowed and other long-life funds value consistency in distribution amounts.
- **Currency movements** are not speculated upon; we remain agnostic to short-term currency fluctuations. Such fluctuations are not expected to have a significant effect on investment performance. As such, we do not attempt to time currency markets.
- **Managing fees and costs ensures efficient implementation** and can prevent unnecessary costs, which can have material impacts on investment returns.